ISSUE BRIEF
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How can the United States keep obesity-related health care costs under control?

Takeaways:

- More than 70 percent of Americans are overweight or obese. Related health care costs now exceed $147 billion annually, more than $60 billion of which is covered by Medicare and Medicaid.
- Unless the obesity epidemic is reversed, overall medical spending will become untenable and outpace GDP growth. If obesity rates are reduced by as little as 5 percent, health care savings could exceed $29 billion.
- To fully account for the cost savings that come from obesity-prevention programs, we need to expand the time horizon for estimating costs from10 years to 25.

Overview

The cost of health care lies at the heart of many policy debates, but there is very little debate about the significance of rising costs associated with obesity. Investments in efforts to prevent chronic health problems like obesity can have significant budget savings. Yet despite widespread evidence that prevention efforts can save lives and money, for every dollar spent on health care in the United States, only four cents goes towards public health and prevention.

OBESITY RATES AND RELATED COSTS

Currently, more than 70 percent of Americans are overweight or obese, a dramatic rise over the past 50 years.[1] With rising obesity rates come rising rates of related health problems, including heart disease, type 2 diabetes and some forms of cancer.

Obesity and related diseases also make up a growing part of the nation's health care costs. A 2009 study by the Centers for Disease Control and Prevention (CDC) and the Agency for Healthcare Research and Quality (AHRQ) found that the cost of addressing the medical problems generated by obesity increased dramatically between 1998 and 2008, to $147 billion in 2008. Medicaid and Medicare paid for more than $60 billion of that total.[2]

BUDGET IMPLICATIONS

One difficulty in justifying spending to prevent obesity is that cost estimates of legislative proposals to do so use a time period too short to capture the economic value of preventing diseases. The Congressional Budget Office (CBO), the arbiter of cost-effectiveness for federal legislation, conducts cost-benefit projections over 10 years. This approach often does not fully account for the effectiveness of preventing a condition like obesity, which is associated with many longer-term health complications.

A series of CBO-run projections on the health spending generated by obesity confirm this point. The CBO evaluated three scenarios and found that if

obesity rates keep climbing, the resulting medical expenses would outstrip GDP growth and the ability of Medicare and Medicaid to provide health care coverage. [3] The Trust for America's Health (TFAH) ran a similar analysis, projecting health care spending if obesity rates were reduced by 5 percent.[4] TFAH found that such a decrease would result in a decline in health care expenses of almost $30 billion in the next five years.

Numerous studies have shown that investments in proven, community-based prevention programs can save lives and money. One study showed that a 10 percent increase in local public health spending leads to significant decreases in infant mortality and deaths from cardiovascular disease, diabetes and cancer.[5] Another study found that a 5 percent cut to the rate of chronic disease growth would save Medicare and Medicaid $5.5 billion annually by 2030.[6]

COST-EFFECTIVE INTERVENTIONS

The Campaign to End Obesity assessed a variety of prevention efforts and found that many are cost-effective. The campaign conducted its assessment using the U.S. commercial insurance market's benchmark that a cost-effective program would provide the equivalent of an additional quality year of life at a cost of less than $100,000.

A comprehensive elementary school intervention was one of the most cost-effective programs for addressing obesity, with a cost per quality-adjusted-life-year of $900.[7] But the true savings of the program will not materialize until long after the students have left elementary school. A short budget-scoring window would not account for these savings.

An American Heart Association review of more than 200 published articles[8] generated a few equations to illustrate the value of prevention:

- Every $1 spent on bike trails and walking paths saves an estimated $3 in health costs.
- Every $1 spent on wellness programs saves a company about $3.27 in medical costs and $2.73 in absenteeism costs.
- Every $1 spent on year-long nutrition and physical activity programs saves $1.17 in medical expenses.

CONCLUSION

It is possible to reduce obesity-related health care costs, and to do so cost-effectively. The report from The Campaign to End Obesity notes that scoring legislative costs over 25 years would help account for more of the cost savings of prevention programs.

WANT TO KNOW MORE?

- *Assessing the Economics of Obesity and Obesity Interventions (The Campaign to End Obesity)*
- *Bending the Obesity Cost Curve (Trust for America's Health)*
- *The Role of Prevention in Bending the Cost Curve (Urban Institute)*
- *Evidence Links Increases in Public Health Spending to Declines in Preventable Deaths (Mays and Smith)*

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[1] *www.cdc.gov/NCHS/data/hestat/obesity_adult_07_08/obesity_adult_07_08.pdf*
[2] *http://content.healthaffairs.org/content/28/5/w822.short*
[3] *www.cbo.gov/publication/21772*
[4] *http://healthyamericans.org/assets/files/TFAH%202012ObesityBrief06.pdf*
[5] *www.rwjf.org/pr/product.jsp?id=72596*
[6] *www.urban.org/publications/412429.html*
[7] *http://www.rwjf.org/pr/productpreview.jsp?id=74094*
[8] *http://circ.ahajournals.org/content/124/8/967*